1	IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS		
2	EASTERN DIVISION		
3	ABC CORPORATION,)) Docket No. 23 C 3301	
4	Plai	ntiffs,)	
5	٧.) Chicago, Illinois) July 18, 2023) 11:43 a.m.	
6	THE PARTNERSHIPS AND	j ,	
7	UNINCORPORATED ASSOCIATION IDENTIFIED ON SCHEDULE	,	
8	et al.,)	
9	Dete	ndants.)	
10	TRANSCRIPT OF PROCEEDINGS - Hearing as to Motion for Preliminary Injunction		
11	BEFORE THE HONORABLE THOMAS M. DURKIN		
12	APPEARANCES:		
13	For the Plaintiffs:	MS. SOFIA QUEZADA	
14		Aronberg Goldgehn 225 West Washington Street, Suite 2800 Chicago, Illinois 60606	
15	For the EARHOME	MR. ANDREW McELLIGOTT	
16	Defendants:	Crowell & Moring LLP 455 North Cityfront Plaza Drive, Suite 3600 Chicago, Illinois 60611	
17			
18		Chicago, Illinois 60611	
19	For the YIEAR and Macro Camera Defendants:	MR. BRIAN M. SWIFT AU LLC 564 West Randolph Street, 2nd Floor	
20			
21		Chicago, Illinois 60661	
22	Court Reporter:	ELIA E. CARRIÓN, CSR, RPR, CRR, CRC	
23		Official Court Reporter United States District Court	
24		219 South Dearborn Street, Room 1432 Chicago, Illinois 60604	
25		312.408.7782 Elia_Carrion@ilnd.uscourts.gov	

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      (Proceedings heard in open court.)
             THE CLERK: This is Case No. 23 CV 3301,
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    ABC Corporation v. The Defendants Identified on Schedule A.
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             May I please ask that the attorneys present on behalf
    of the plaintiff state their names.
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             THE COURT: Actually, you can all stay seated as long
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    as you speak into the mic. So just make sure you do that.
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             MR. DE PRETER: Good morning, Your Honor.
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    Matthew De Preter on behalf of plaintiff.
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             And with me is...
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             MS. QUEZADA: Good morning, Your Honor.
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    Sofia Quezada on behalf of the plaintiff.
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             THE COURT: Good morning.
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             THE CLERK: And on behalf of defendant -- defendants,
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    please.
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             MR. McELLIGOTT: Good morning, Your Honor.
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    Andrew McElligott on behalf of the EARHOME defendants.
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             MR. SWIFT: Good morning, Your Honor. Brian Swift on
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    behalf of the defendant group, including YIEAR and
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    Macro Camera.
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             MR. CHENG: Good morning, Your Honor. He Cheng, with
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    my colleague Tao Liu, and we are representing 18 defendants
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    and two respondents here.
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             THE COURT: Okay. Thank you all for being here.
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             Off the record.
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(Off-the-record discussion.)

THE COURT: Okay. This case was filed. I believe a motion for temporary restraining order was granted by me sometime ago, then there was some proceedings that took place last week when I was out of the office and you went before Judge Alonso who was the emergency judge and he took some action.

I would like as an initial matter to get some background. Tell me about the case, tell me what's going on, because I -- I've been chock-full of things to do the last couple of days and I haven't studied this as well as I wanted to before I came out. So a summary from the plaintiffs' side and from the defense side, even a representative of the defendants would be helpful before we get to the nuts and bolts of the hearing.

Go ahead.

MR. DE PRETER: Sure, Your Honor. This is Matthew De Preter on behalf of plaintiffs.

And the case involves a -- my client developed and has been developing over the course of a number of years, various products that are used for cleaning ears. One of the products is an ear -- it's called an ear spoon and it goes on the end of a -- basically, a camera, and you can put that into your ear canal to end up looking at what it is you're doing while you're trying to clean your ears.

THE COURT: Who uses it, doctors, or can individuals 1 2 buy this and use it themselves, nonphysicians? 3 MR. DE PRETER: Nonphysicians can use it. Doctors 4 could use it, obviously, but it's for just any person sold on 5 Amazon, Walmart.com. All kinds of sites sell these products. 6 There are a number of -- number of different types, number of 7 different designs that are used, and my client has developed a 8 couple of these particular products, and has innovated to 9 develop a specific design that has a very unique and 10 interesting aesthetic value to it. 11 He filed two patents. He's actually filed a number 12 of patents, but two patents that are at issue here. There are 13 two design patents on various designs that he developed. 14 exhibit certain ornamental features that overall provide it 15 with a unique aesthetic as compared to all the other ear 16 spoons that are on the market. 17 THE COURT: Mr. Wang is the inventor, correct? 18 MR. DE PRETER: That's correct. 19 THE COURT: Is he the owner of the plaintiff? 20 MR. DE PRETER: Yes. 21 THE COURT: Okay. 22 MR. DE PRETER: One of. 23 THE COURT: One of the owners. But okay.

He has an ownership interest.

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MR. DE PRETER:

THE COURT: All right. Go ahead.

MR. DE PRETER: And after developing this product, it became very popular and he started having people counterfeit it. They started knocking off that particular design. There were other designs in the market that people could've chosen from, but people continued to start to copy his, and that led us to the present case where a number of defendants have been copying his particular designs in violation of the two patents that were issued by The United States Patent and Trademark Office, and we ended up filing a lawsuit, this lawsuit, to enjoin the defendants from copying these designs.

All the defendants, to the best of our knowledge and understanding at the time of filing, were foreign corporations. It's difficult to determine exactly sometimes who defendants are because you don't have to be -- you don't have to verify who you are when you're with Amazon or Walmart or some of the other websites. And so we did the best we could. Filed; ended up getting a temporary restraining order served on defendants by electronic means and that brought us to where we are today.

THE COURT: All right. What's the status of the temporary restraining order? Do you -- when does it expire?

MS. QUEZADA: Tomorrow, Your Honor.

THE COURT: Okay. And you got the 14-day extension or does it expire the first --

MS. QUEZADA: Yeah, it's been extended twice now,

so...

THE COURT: Okay. But it's -- all right. But it expires tomorrow.

MS. QUEZADA: Correct.

THE COURT: All right. And you have a motion pending for preliminary injunction?

MR. DE PRETER: Correct.

THE COURT: Okay. Now, on defendants' side, I take it -- well, if it's like a typical Schedule A case, you've got scores and scores of defendants who have not appeared in this case, correct?

MR. DE PRETER: Matthew De Preter.

There are a number that have not appeared. There are a number that have reached out to us to resolve the case, which we have done with some of them. And then there are a number of -- I think maybe 25 or 30 now that have actually filed appearances in some form.

THE COURT: Okay. And from defendants' perspective, why don't you tell me what's going on.

MR. McELLIGOTT: Good morning, Your Honor.

Andrew McElligott on behalf of defendants.

We received notice that there was this -- this TRO that was in place. We scrambled, for lack of a better word, to get an opposition in as quickly as we could to get appearances on. I represent nine defendants. We have a

number of other attorneys here representing other groups of defendants that have come forward. We've identified ourselves, we've identified the affiliates pursuant to Local Rule 3.23. None of the defendants here feel like they are hiding or trying to escape the jurisdictional reach of this Court. We are here to litigate this case, and we think that a PI is improper. We thought a TRO was improper.

We were prepared to argue that in front of

Judge Alonso, and we did. We also thought an extension -- a
second extension of the TRO was inappropriate under Rule 65,
which only contemplates one extension. And it also states
that the Court must issue that extension during the period of
the initial TRO which had expired already by two days. It
expired on the 5th when the extension was granted on the 7th.

So the defendants feel as if they've already been kept off the market longer than they should be, and we've already come forward with extensive arguments demonstrating how aside from this case, there was a previous case litigated in China with a related Chinese patent in which that patent was found invalid due to functionality.

We are asserting that those same issues exist with these patents here. We also have on sale arguments with respect to these patents. We also have an expert that's prepared to testify with respect to the functionality arguments.

1 So, Your Honor, we've come to the table, we've identified ourselves, and we have robust responses to 2 plaintiffs' contentions, and we believe today we can 3 4 demonstrate for you why a PI motion's inappropriate and the 5 TRO should also be lifted even though it expires tomorrow. 6 THE COURT: Judge Alonso gave the second extension? 7 MR. McELLIGOTT: Yes, that's correct, Your Honor. 8 THE COURT: Okay. All right. Well, a couple 9 preliminary issues. Apparently, one of you wanted to call a Mr. Gandy as an expert today. 10 11 MR. CHENG: Yes, Your Honor. I think Mr. Gandy is on 12 line. 13 THE COURT: Okay. I don't know that we're going to 14 be having a hearing with witnesses today. I'm not prepared 15 to -- well, I don't want him hanging on line unnecessarily. 16 MR. CHENG: Understood. 17 There's been an objection by plaintiffs THE COURT: 18 saying you had no notice Mr. Gandy was going to be called? 19 MR. DE PRETER: No, not testifying until --20 THE COURT: Or not testifying anyway. 21 MR. DE PRETER: -- until this morning. And as part 22 of the briefing schedule that was implemented, Mr. Gandy 23 didn't provide a brief in support of any of the motions that 24 were at issue before Judge Alonso when he entered our briefing

schedule in order to reply by the 14th, and so we did not have

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notice. Defendants didn't provide us with notice that they intended to call him. We could've made other arrangements had that been the case.

THE COURT: Okay. Well, let's go off the record for a minute.

(Off-the-record discussion.)

THE COURT: My understanding, then, is there are some entities who have their accounts frozen who are not named as Schedule A defendants.

That's the representation of defendant, correct?

MR. CHENG: Yes.

THE COURT: And you're telling me that that may be true, but they are somehow affiliated with named defendants?

MR. DE PRETER: That's our understanding as to how those accounts were frozen.

THE COURT: Okay. They shouldn't be frozen if they're not a defendant in the case. They're not a party to a case. You don't have an order -- if the order is so broad that I entered that allows for the freezing of affiliated entities, that shouldn't happen, I don't believe. Maybe you can convince me otherwise, but I don't know why a party that hasn't been sued should have their account frozen.

Is there a reason?

MR. DE PRETER: Well, it's because they're working in concert with and have had knowledge of the imposition of the

TRO. So under the TRO, it says that if you have knowledge or provided with knowledge of the TRO, and you're selling the product that's frozen as part of the TRO, that product should be frozen -- account should be frozen, so --

THE COURT: Well, account should be frozen or sales of the infringing products should be frozen -- should be prohibited?

MR. DE PRETER: I believe -- sorry.

THE COURT: And maybe you have the language of the TRO there. I don't have it in front of me.

MR. DE PRETER: Yeah, that's what I'm looking for right now, Your Honor. I don't have the language of the TRO with me at the present time.

THE COURT: All right.

COURT REPORTER: Can you speak directly into the mic?

MR. DE PRETER: Sorry.

I don't have the language of the TRO with me at the present time.

THE COURT: Well, it -- have you spoken to defense counsel about whether or not these accounts of parties that are not named in your Schedule A should have their accounts frozen?

MR. DE PRETER: In some instances yes; in some instances it's difficult to figure out who the account is because Amazon sometimes will freeze an account and they'll --

defendant said, so-and-so's account is frozen, which we don't have their name as the same name that defendant has identified, so we have to go back and forth with Amazon.

And in some -- so far in some circumstances, we've been able to identify who they are and then release that account so that nobody is improperly frozen. And in some instances Amazon has trouble figuring out who it is being referred to.

THE COURT: Well, you've got representative -parties that are represented in this courtroom who claim not
to be defendants who have accounts frozen. That would seem to
be something where you would meet and confer and discuss
whether there ought to be some modification where Amazon or
Walmart doesn't freeze their account. Or come back to me on
why it should be frozen. But I'm having a little trouble
putting my arms around the idea of somebody having their
account frozen if they're not a named defendant in the case --

MR. DE PRETER: Understood.

THE COURT: -- unless you amend you complaint somehow.

What -- when these accounts are frozen, is it more than -- we're talking about money, but are they -- are they prevented from selling anything else on Walmart or on Amazon? In other words, do you have a defendant that may sell 100 different items and one of them is this your ear wax

removal device, are they prevented from selling the other 99 items on their -- on the Walmart or Amazon accounts?

MR. McELLIGOTT: Your Honor, my understanding from my clients is yes, that their account in general is frozen.

THE COURT: Yeah.

MR. McELLIGOTT: So even though they have noninfringing products available for sale, those are also blocked from being sold.

THE COURT: Yeah, and that's my experience. And I'm not blaming Walmart or Amazon. They're getting hundreds of these orders because of the proliferation of these kinds of cases, and Walmart's dealing with it as best they can. But now that we have some representation of defendants, it would seem unfair, and you can tell me otherwise, to freeze -- for Amazon and Walmart or any other platform to freeze a party's ability to sell products that have nothing to do with the one you believe is being infringed.

Do you agree with that?

MR. DE PRETER: Yes, I do. That's fine. We don't oppose to them being able to sell other products. Part of the problem is in the past, you know, these cases normally get settled. What will happen is you have to freeze the entire account because if you don't freeze the entire account, then the defendant can simply just disappear, never show up, all the funds are withdrawn and lost.

Since we have defendants that are now named, we don't oppose that the account itself be unfrozen so that other products can be sold, but that shouldn't release the funds that were subject to the infringing sales and they should not be allowed to continue to sell the infringing product.

THE COURT: Well, does anyone on the defense side disagree with the proposition that while this motion's pending, you shouldn't be allowed to sell this product? We -- I mean, I can do a hearing for a week on this. Practically speaking, I can't, but what I want to do is remove the immediate damage to your clients' ability to sell other products if we put, in effect, a placeholder on your ability to sell these -- these devices.

How much do they cost?

MR. DE PRETER: About \$30.

THE COURT: All right.

MR. DE PRETER: It depends.

THE COURT: All right. Well, this is not some -- I expect this is not a huge revenue driver for many of your clients. And if you agree at least temporarily not to sell those products on these platforms, perhaps we can get an order that allows Walmart and Amazon and any other platform that has your entire sales operation being frozen to be -- allow sales of anything but the infringing product.

Would defendants agree to that?

MR. McELLIGOTT: Your Honor, while we think it's a step in the right direction, we think there shouldn't be a PI in place at all. But if I understand Your Honor correctly, you're speaking to there being a period here where you're deciding the PI motion.

THE COURT: I've got to get briefs, I've got to get -- you have witnesses you want to call in. I'm going to have to hear arguments. I'm going to have to consider those arguments and make a decision. All that takes time. And it's not going to be decided in the next hour.

What I'm offering to you is a way to run your business, as long as you agree not to sell the allegedly infringing products, for which they argue both there's infringement and irreparable harm. I don't know whether that's true or not. That's something they may have to prove up, and you're going to have to prove why their patents -- if you believe their patents are invalid or if your products don't infringe, that's something you have to prove.

But typically, when I get a case like this, I want to see how you can solve this with the least amount of damage to your clients and the least amount of damage to the plaintiffs. For a \$30 product, I don't know how many of these are being sold.

Are there millions, hundreds?

MR. DE PRETER: Thousands.

THE COURT: All right. We're -- go ahead.

MS. QUEZADA: I was just going to say, Your Honor, in some cases the sales are quite high.

THE COURT: Okay. Define quite high.

MS. QUEZADA: Tens of thousands, maybe hundreds of thousands.

THE COURT: Wow, okay. Well, I am assuming there is still -- that is more than I thought, but I still think an accommodation or an agreement to allow the sale of other products with the defendants agreeing at this point for the extension of the TRO to prevent just the sale of this product with an expedited briefing schedule and a date where I can have a hearing, and, you know, I -- candidly, I was not reading these design patents when I was out of town last week. So I'll fully admit to that.

But that to me seems like the most organized way to do that. It protects the plaintiffs' right to not have a product they allege is infringing being sold, protects your right to go out and sell everything else on these accounts. If you don't like it and you don't think that's acceptable, I'll start the preliminary injunction hearing today, but it's not going to complete today, and you're not going to be able to sell anything in the meantime until I make a decision.

I don't know how that advantages your clients. And from the plaintiffs' side, you've got defendants that aren't

going to disappear. They're represented by counsel. This is not the case in -- you have in many Schedule A cases where you have defendants that are a website or domain name and then they disappear and then they pop up somewhere else selling the same counterfeit product.

So let's go off the record again. (Off-the-record discussion.)

THE COURT: Let's call the case again.

THE CLERK: All right. So this is Case

No. 23 CV 3301, ABC Corporation v. The Defendants Identified on Schedule A.

THE COURT: All right. No need to identify yourselves for the record again. All the attorneys who were here at the earlier session are here now.

Can you report on what the progress of your discussions are? First, from plaintiff.

MR. DE PRETER: Yes, Your Honor. We have talked it over and believe that we have a path forward while the preliminary injunction is decided. So the parties agreed that the preliminary injunction against all nonappearing defendants should be entered as is.

As to the appearing defendants, with the exception of the defendants that are identified in Docket Entry 50 -- we'll address in a minute -- the preliminary injunction hearing should move forward and briefing on that should be -- a

schedule for briefing on that should be implemented.

In the interim, the accounts for those defendants will be unfrozen. And those defendants will post a bond to the court of \$100,000. That -- those funds can be directly transferred by Amazon if the defendants choose to have it transferred that way. And -- and those platforms will be authorized to sell the accused products during the time period in which the Court determines the preliminary injunction.

As to Docket Entry 50, those defendants' assets will remain frozen at Amazon or their respective platform. The injunction against selling infringing products will continue, but the stores will then be released to sell all other noninfringing products.

And as to any third-party -- any party that wasn't identified on Schedule A, plaintiffs will make sure -- progress towards releasing those defendants. They would not be subject to any preliminary injunction or temporary restraining order going forward.

THE COURT: All right. Does defense agree with this?

MR. McELLIGOTT: The defense agrees, Your Honor, with
just one clarification on the \$100,000, just to make it clear
that that would be for the group of defendants here, other
than those identified in Docket 50.

So it wouldn't be 100,000 per defendant. It would be 50,000 from the defendants that I represent and then 50,000

from other defense counsel.

THE COURT: Plaintiff agree?

MR. DE PRETER: Plaintiffs do agree. And to just further the discussion, we've proposed having a proposed order that would address this, and the parties will work on a proposed order to get it over to Your Honor.

THE COURT: That's fine. And you should also address -- well, that's fine. I will enter the preliminary injunction as to nonappearing defendants. You should have a proposed order on that submitted that excludes all the defendants represented that are now the subject of another order you're going to present to me.

Have you talked about the steps going forward? How do you want to proceed; by way of briefing, setting a hearing, both, or is that something you're still discussing?

MR. DE PRETER: We hadn't discussed that. I think --

THE COURT: You had or had not?

MR. DE PRETER: We had not, Your Honor.

THE COURT: Okay. Well, go ahead, I interrupted you; finish.

MR. DE PRETER: I think a hearing would be appropriate. It sounds like the other side wants to have live testimony from their witness. Perhaps we can discuss exactly if a hearing will be necessary, if we should just proceed on briefs. I think that a further brief from plaintiffs would be

appropriate in view of the now filed expert report.

THE COURT: Yeah, I -- I'm indifferent to how you want to proceed on that, however you best want to brief this in front of me, or whether it's responding to an expert report, whether it's further briefing. Reach an agreement on the briefing schedule. If you can't reach an agreement, notify my courtroom deputy of your disagreement and I'll resolve it.

If you -- parties jointly -- or not jointly. If one side or the other believes a live hearing is necessary, then I will -- contact my courtroom deputy, we'll set a date where I can hear testimony. Make sure you include with that request the length of time you think it'll take so I can -- if it's going to take a day, I need to have a free day. If it's going to take some time less than that, then it allows me to schedule other matters at the same time.

But I'll expect two proposed orders, one on the preliminary injunction that's being granted without any response from defendants who have failed to appear and failed to object to it, and then a proposed order relating to those defendants that have appeared pursuant to -- under the various conditions you've set forth.

Please act promptly on releasing -- on contacting the platforms to release the monies that are frozen of people that are not required to be -- have their monies frozen by the

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order I have, which was not -- well, the order is -- I've
reviewed it, and it's clear that some things should have been
restricted, some things should not, and make sure you account
for the people that are -- shouldn't have their accounts
frozen to do that promptly with the platforms.
                         Understood, Your Honor. We may have
         MR. DE PRETER:
three orders just because of -- we have a section of --
         THE COURT: That's right.
         MR. DE PRETER: -- a few defendants, but --
         THE COURT: Yeah, two or three. Just note on the top
they're agreed, make sure both sides have had a chance to look
it over, you're all comfortable with the language, and I'll
enter it if it's agreed.
         MR. DE PRETER: Okay. Thank you, Your Honor.
         THE COURT: Anything else we ought to discuss today?
First, plaintiff.
         MR. DE PRETER:
                        No, not from plaintiff, Your Honor.
         THE COURT: Defendants?
         MR. CHENG: Just regarding the in-person hearing
date, because we have some prearranged vacations, but that can
be discussed with the courtroom deputy.
         THE COURT: Yeah. I mean, you know what restrictions
you have; you know what restrictions you don't have.
         MR. CHENG:
                    Yeah.
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THE COURT: If there's an urgency into getting

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these -- getting this hearing done, I'll work around your vacations. No one should have to sacrifice a vacation unless it's a criminal matter with a person sitting in jail. MR. CHENG: Sure. THE COURT: And so if -- do it that accommodates both your professional and personal schedules, and I'll work with I should tell you, though, starting September 14th, I'll vou. be on trial through mid-December, four days a week every week. So if you're going to look for a full day -- and my Fridays are chock-full of sentencings and criminal pleas. So if you're going to look for a full day, try and make it before September 14th. Maybe you anticipated a much sooner hearing, that's fine --MR. CHENG: Much -- much sooner is better. THE COURT: -- but, you know, be cognizant of your own schedules. I'm not going to interfere with that if you've -- you reach one that works for all of you and it works for us, we'll do it then.

MR. CHENG: Sure thing, Your Honor --

THE COURT: Okay.

MR. CHENG: -- we'll work with opposing counsel and find what works for everyone.

THE COURT: Well, thank you all for talking, which is often the best way to at least reach some accommodation going forward and you'll get your day in court when you ask for it.

1	MR. CHENG: Thank you, Your Honor.	
2	THE COURT: Thank you all.	
3	MR. DE PRETER: Thank you, Your Honor.	
4	MS. QUEZADA: Thank you, Your Honor.	
5	THE COURT: Okay.	
6	(Proceedings concluded at 1:48 p.m.)	
7	CERTIFICATE	
8	I certify that the foregoing is a correct transcript from	
9	the record of proceedings in the above-entitled matter.	
10	/s/ Elia E. Carrión 9th day of August, 2023	
11	Elia E. Carrión Date Official Court Reporter	
12	Official Court Reporter	
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